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INFORMATION MEMO FOR AMBASSADOR TOBIAS (F)

FROM: EAP – Christopher R. Hill

SUBJECT: Thailand

1. Country Background

Thailand is a stable and dependable U.S. ally, and our two countries have a strong bilateral relationship. As an ally in the fight against terrorism, an influential regional economic and political actor, and as the location of one of the U.S. Government's largest overseas Missions, Thailand's importance to U.S. interests is strong and will continue to grow.

Thailand's support for the Global War on Terrorism has been backed by commitment. In 2004, Thailand sent troops to work alongside the U.S. in the liberation and reconstruction of Iraq. The Royal Thai Government (RTG) continues to provide strong support and close cooperation in combating sources of terrorism in Southeast Asia, even as it confronts unrest among ethnic Malay Muslim separatist groups in Thailand's three southernmost provinces. Thailand hosts more joint military exercises with the U.S. than any other country in the region, including the annual Cobra Gold training. The benefits of longstanding U.S.-Thai security cooperation were evident when Thai airfields served as the hub of U.S. relief operations for the entire region following the great Indian Ocean Tsunami in December 2004. The Thai Government worked tirelessly to assist U.S. citizens affected by this tragedy.

Thailand is a growing economy with important regional and international trading ties. The U.S. remains Thailand's second largest investor (behind Japan) and its largest bilateral trading partner, with two-way trade exceeding \$27 billion in 2005. Thailand is a regional leader on health and economic issues and is an active, leading member of the Association of Southeast Asian Nations (ASEAN), as well as other regional dialogue fora.

2. Foreign Policy Priorities

Peace and Security: Responsible International Actor Contributing to Regional and International. We continue to nurture progress in our strong partnership, seeking to ensure that a stable and democratic Thailand works closely with the United States in ways that are commensurate with its status as a Major Non-NATO Ally. Thailand's contributions to stability in the East Asia region and beyond remain strategically important to the United States. In recent years, Thailand supported U.S. coalition efforts in Afghanistan and Iraq by dispatching military units, sent military observers to Aceh to support the peace process, and provided access to its military facilities for force projection, military exercises, and regional humanitarian relief. Thailand is also an active regional leader on such key issues as combating terrorism and boosting the economic prosperity of its less developed neighbors.

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A key continuing priority of the U.S. Government must be our close collaboration with Thailand to identify and disrupt terrorist threats. Thailand is receptive to innovations that improve its ability to fight the Global War on Terrorism. The result is tightly coordinated U.S.-Thai operations across agencies, which, for example, resulted in the arrest and transfer of the senior Al-Qaeda terrorist Hambali in 2003. Various Mission agencies continue to work together to improve the counter-terrorism capabilities of Thai security, intelligence, legal, financial, and other agencies. Efforts to promote education reform, build capacity of local non-governmental organizations and support accurate and independent local media will remain necessary to mitigate the damage that conflict is causing to the ability of moderate voices to be heard in southern Thailand and throughout the country.

Countering Narcotics and International Crime: Our bilateral programs enhance the capabilities of Thai institutions, reinforcing and consolidating their ability to counter illicit drugs, transnational crime, and official corruption. Activities include bilateral cooperation and capacity-building against terrorism, narcotics production and trafficking, trafficking in persons, document fraud, intellectual property violations and money-laundering, and other crimes. Although Thailand is no longer a major source country for narcotics, domestic trafficking and abuse of methamphetamines and other narcotics remain a serious problem. We must monitor trends and work closely with the Thai Government to build technical skills, strengthen the criminal justice system, and develop more effective institutions to combat narcotics trafficking and abuse, human trafficking and other threats posed by international organized crime organizations. Thailand and the U.S. jointly operate the International Law Enforcement Academy (ILEA) in Bangkok, which since 1998 has trained over 4,500 law enforcement professionals from the region, and look forward to increased utilization of that facility for bilateral U.S.-Thai training programs. The United States will continue to support Thailand's strong leadership role in addressing international crime control issues with its neighbors and elsewhere.

Investing in People: In addition to HIV/AIDS, the emergence of Avian Influenza (AI), SARS and other public health dangers requires that the U.S. Government work with Thailand on global health. Through this work, we will allow Thailand to address its own emergency needs on a short-term basis and provide financial resources and technical assistance that will achieve long-term results. We must support comprehensive program interventions that conduct research into and develop intervention models for HIV, hepatitis, malaria, tuberculosis, diarrhea, AI, respiratory illness, dengue, and Japanese encephalitis. We should also support multilateral health initiatives, including the Global Fund to Fight AIDS, Tuberculosis, and Malaria, strengthen bio-security, and improving access to clean water.

Economic Growth: U.S. financial and technical assistance to Thailand should contribute to the country's accelerated economic growth through support for improved economic policies, increased trade, and enhanced access to natural resources, such as clean water, which are vital to industry. Thailand and the U.S. started formal negotiations of a bilateral Free Trade Agreement (FTA) in 2004. The significance of these negotiations to bilateral relations cannot be overstated; a successful outcome would solidify our historically close bilateral economic relations even as Thailand's economy more closely integrates with its regional neighbors.

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U.S. investors have enjoyed national treatment in Thailand, a privilege not enjoyed by any other country, thanks to the 1966 Treaty of Amity and Economic Relations (AER). Although Thailand's WTO derogation permitting this special treatment expired on January 1, 2005, the U.S. is working with the RTG to maintain preferential access pending completion of the FTA. Intellectual Property Rights (IPR) protection and service sector reforms are also vitally needed and will be a major focus of this Mission's efforts in FTA negotiations.

Humanitarian Actor: Given uncertainties regarding the stability of neighboring Burma, we foresee that ethnic Burmese might continue to migrate to Thailand for personal security and for economic reasons. If so, there will be a continued need to support Thailand's willingness receive and address the health, education and personal safety needs of migrant and refugee populations living along the Thai-Burma border.

In short, by promoting our growing political, economic, and military relationship with Thailand, we are promoting a responsible international actor and a regional leader in a part of the world with multiple emerging threats. Our ally, Thailand, has shown itself willing to take a leading role, and we should support them as they begin to do so.